

**71st Street - Stony**  
**Special Service Area Number 42**  
(South Shore Chamber Inc., Contractor)

**Financial Statements**

**Year Ended December 31, 2012 and 2011**

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# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
71st Street - Stony Special Service Area Number 42  
(South Shore Chamber, Inc., Contractor)  
Chicago, Illinois

We have audited the accompanying statement of financial position of 71st Street - Stony Special Service Area Number 42 (South Shore Chamber, Inc., Contractor) (a nonprofit organization) as of December 31, 2012, and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 71st Street - Stony (South Shore Chamber, Inc., Contractor), as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses and budget variances on pages 8 and 9 and the comparative schedule of tax levy revenue and interest income on page 10 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bravos & Associates CPAs*

April 16, 2013  
Bloomington, Illinois

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Statement of Financial Position  
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 22,927	\$ 112,999
Accounts receivable	-	8,920
	<hr/>	<hr/>
Total Assets	<u>\$ 22,927</u>	<u>\$ 121,919</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Line of Credit payable	\$ 50,000	\$ 50,000
Accounts payable	16,194	16,792
Due to South Shore Chamber	41,986	83,186
	<hr/>	<hr/>
Total Current Liabilities	108,180	149,978
 Net assets, unrestricted (deficit)	 <hr/> (85,253)	 <hr/> (28,059)
 Total Liabilities and Net Assets	 <u>\$ 22,927</u>	 <u>\$ 121,919</u>

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Statement of Activities  
For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue - Current Year	\$ 529,677	\$ 555,679	\$ (26,002)	\$ 529,501	\$ 555,679	\$ (26,178)
Interest Income	21	-	21	75	-	75
<u>Total Revenues</u>	<u>529,699</u>	<u>555,679</u>	<u>(25,980)</u>	<u>529,576</u>	<u>555,679</u>	<u>(26,103)</u>
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	83,322	22,350	60,972	74,712	23,200	51,512
2.00 Public Way Maintenance	124,631	145,850	(21,219)	142,000	131,256	10,744
3.00 Public Way Aesthetics	42,620	68,309	(25,689)	11,956	68,309	(56,353)
4.00 Tenant Retention/Attraction	7,375	-	7,375	-	-	-
5.00 Façade Improvements	2,972	-	2,972	-	-	-
6.00 Parking/Transit/Accessibility	4,809	-	4,809	-	-	-
7.00 Safety Programs	182,849	161,810	21,039	146,542	161,810	(15,268)
8.00 District Planning	-	8,000	(8,000)	6,066	8,000	(1,934)
10.00 Personnel	106,573	-	106,573	102,460	108,053	(5,593)
<u>Total Program Expense</u>	<u>555,151</u>	<u>406,319</u>	<u>148,832</u>	<u>483,736</u>	<u>500,628</u>	<u>(16,892)</u>
<u>Administration</u>						
11.00 Administrative Support	31,742	54,491	(22,749)	46,721	37,051	9,670
12.00 Tax Levy Loss Collection	-	48,800	(15,309)	-	18,000	(18,000)
<u>Total Administration expenses</u>	<u>31,742</u>	<u>103,291</u>	<u>(38,058)</u>	<u>46,721</u>	<u>55,051</u>	<u>(8,330)</u>
<u>Total Expenses</u>	<u>586,894</u>	<u>509,610</u>	<u>110,775</u>	<u>530,457</u>	<u>555,679</u>	<u>(25,222)</u>
Increase (Decrease) in Net Assets	(57,194)	46,069	(136,754)	(881)	-	(881)
<u>Unrestricted Net Assets: (Deficit)</u>						
Beginning of Year	(28,059)			(27,178)		
End of Year	\$ (85,253)			\$ (28,059)		

Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Statement of Cash Flows  
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (57,194)	\$ (881)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	(8,920)	16,265
(Decrease) increase in:		
Line of Credit payable - net	17,840	24,886
Accounts payable and accrued expenses	(598)	(97,050)
Due to South Shore Chamber	<u>(41,200)</u>	<u>83,186</u>
Net cash flows from operating activities:	\$ (90,072)	26,406
 Cash and Cash Equivalents		
Beginning of the year	<u>112,999</u>	<u>86,593</u>
End of the year	<u>\$ 22,927</u>	<u>\$ 112,999</u>
 Supplemental disclosures:		
Interest Paid	<u>\$ 2,673</u>	<u>\$ 1,945</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

71<sup>st</sup> Street - Stony Special Service Area Number 42  
(South Shore Chamber, Inc., Contractor)  
Notes to Financial Statements  
For the Year Ended December 31, 2012 and 2011

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**Summary of Accounting Policies**

Nature of Organization

South Shore Chamber, Inc., Contractor for 71st Street - Stony Special Service Area Number 42 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the 71<sup>st</sup> Street - Stony district. The organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets, as of December 31, 2012 and 2011 the organization has unrestricted net assets (deficit) in the amount of \$ (85,253) and \$ (28,059) respectfully.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the Harris Bank in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the South Shore Chamber, Inc., which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

71<sup>st</sup> Street - Stony Special Service Area Number 42  
(South Shore Chamber, Inc., Contractor)  
Notes to Financial Statements  
For the Year Ended December 31, 2012 and 2011

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**Summary of Accounting Policies – Continued**

Related Party Transactions

71<sup>st</sup> Street – Stony Special Service Area Number 42 does share office space, equipment and employees through its affiliation with South Shore Chamber, Inc. 71<sup>st</sup> Street – Stony Special Service Area Number 42 has no employees of its own, but reimburses South Shore Chamber, Inc. for payroll and related costs of the individuals working on the programs. The 71<sup>st</sup> Street – Stony Special Service Area Number 42 had funds due to South Shore Chamber, Inc. as of December 31, 2012 and 2011 in the amount of \$ 41,986 and \$ 83,186 respectfully.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago, whereby the City has establish a special service area known and designated as “71<sup>st</sup> Street – Stony Special Service Area Number 42” to provide special services in addition to those services generally provided by the City. South Shore Chamber, Inc., Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.00% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services. The agreement is renewed annually.

Line of Credit

The Organization has an \$ 80,000 line of credit with the Harris Bank N.A., which will mature on September 16, 2013. This note is subject to a variable interest rate, based upon the prime rate. Currently the interest rate is 6.000% and as of December 31, 2012 the Organization has used \$ 50,000 of the line.

# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
71st Street - Stony Special Service Area Number 42  
South Shore Chamber, Inc., Contractor  
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bravos & Associates CPAs*

April 16, 2013  
Bloomington, Illinois

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

Expenses: Programs:	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<b>1.00 Advertising &amp; Promotion</b>						
1.01 Website/Technology	\$ 2,312	\$ 2,500	\$ (188)	\$ 60	\$ 2,500	\$ (2,440)
1.02 Public/Media Relations Services	-	1,000	(1,000)	-	3,000	(3,000)
1.03 Special Events	77,085	75,000	2,085	59,771	11,500	48,271
1.04 Display Ads	3,926	2,500	1,426	12,686	3,500	9,186
1.05 Print Materials	-	2,500	(2,500)	2,195	2,700	(505)
1.08 Other: South Shore Art Display	-	-	-	-	-	-
Totals	<u>83,322</u>	<u>83,500</u>	<u>(178)</u>	<u>74,712</u>	<u>23,200</u>	<u>51,512</u>
<b>2.00 Public Way Maintenance</b>						
2.01 Sidewalk Cleaning	84,162	90,000	(5,838)	33,856	47,211	(13,355)
2.02 Sidewalk Snow Plowing	34,424	20,000	14,424	18,337	40,400	(22,063)
2.03 Sidewalk Power Washing	-	-	-	38,000	12,000	26,000
2.05 Equipment/Purchase /Maintenance	1,045	-	1,045	-	-	-
2.09 Other: Window Washing	5,000	5,000	-	-	-	-
2.11 Trash Removal Service	-	-	-	51,807	31,645	20,162
Totals	<u>124,631</u>	<u>115,000</u>	<u>9,631</u>	<u>142,000</u>	<u>131,256</u>	<u>10,744</u>
<b>3.00 Public Way Aesthetics</b>						
3.01 Streetscape Elements	8,040	6,500	1,540	-	8,000	(8,000)
3.02 Decorative Banner	29,905	27,000	2,905	-	30,000	(30,000)
3.02 Holiday Decorations	-	-	-	-	15,309	(15,309)
3.05 Landscaping	-	-	-	11,956	15,000	(3,044)
3.08 Other: Public Way Art	4,675	5,000	(325)	-	-	-
Totals	<u>42,620</u>	<u>38,500</u>	<u>4,120</u>	<u>11,956</u>	<u>68,309</u>	<u>(56,353)</u>
<b>4.00 Tenant Retention/Attraction</b>						
4.02 Site Marketing Materials	7,375	7,500	(125)	-	-	-
Totals	<u>7,375</u>	<u>7,500</u>	<u>(125)</u>	<u>-</u>	<u>-</u>	<u>-</u>

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

<u>Expenses:</u> <u>Programs:</u>	2012			2011		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>5.00 Façade Improvements</u>						
5.03 Signage Removal Program	\$ 2,972	\$ 10,000	\$ (7,028)	\$ -	\$ -	\$ -
Totals	<u>2,972</u>	<u>10,000</u>	<u>(7,028)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6.00 Parking/Transit/Accessibility</u>						
6.04 Bicycle Transit Enhancements	4,809	5,500	(691)	-	-	-
Totals	<u>4,809</u>	<u>5,500</u>	<u>(691)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7.00 Safety Programs</u>						
7.02 Security Services	182,849	185,000	(2,151)	146,542	161,810	(15,268)
Totals	<u>182,849</u>	<u>185,000</u>	<u>(2,151)</u>	<u>146,542</u>	<u>161,810</u>	<u>(15,268)</u>
<u>8.00 District Planning</u>						
8.02 District Branding	-	-	-	6,066	8,000	(1,934)
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,066</u>	<u>8,000</u>	<u>(1,934)</u>
<u>10.00 Personnel</u>						
10.01 Executive Director	35,492	40,407	(4,915)	33,811	35,657	(1,846)
10.02 Program Manager	49,135	44,500	4,635	35,861	37,819	(1,958)
10.03 Office Manager	20,262	17,770	2,492	25,615	27,013	(1,398)
10.04 Student Intern	1,684	-	1,684	7,173	7,564	(391)
Totals	<u>106,573</u>	<u>102,677</u>	<u>3,896</u>	<u>102,460</u>	<u>108,053</u>	<u>(5,593)</u>

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

<u>Expenses:</u> <u>Programs:</u>	2012			2011		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>11.00 Administrative Non-Personnel</u>						
11.01 SSA Annual Report	\$ 2,000	\$ 2,500	\$ (500)	\$ -	\$ -	\$ -
11.02 Audit	3,200	6,000	(2,800)	5,000	6,000	(1,000)
11.03 Bookkeeping	3,125	1,500	1,625	3,250	2,700	550
11.04 Office Rent	4,800	5,940	(1,140)	15,300	11,144	4,156
11.05 Office Utilities/Telephone	1,430	2,860	(1,430)	5,034	5,720	(686)
11.06 Office Supplies	1,655	1,500	155	12,997	2,330	10,667
11.07 Office Equipment Lease/Maintenance	1,625	750	875	-	-	-
11.08 Office Printing	1,500	1,375	125	2,268	2,157	111
11.09 Postage	1,800	1,362	438	366	2,500	(2,134)
11.10 Meeting Expense	2,428	1,600	828	561	1,500	(939)
11.11 Subscriptions/dues	400	-	400	-	100	(100)
11.12 Bank Fees	105	-	105	-	-	-
11.13 Monitoring/Compliance	5,000	5,000	(0)	-	-	-
11.15 Interest Expense	2,673	-	2,673	1,945	2,900	(955)
Totals	<u>31,742</u>	<u>30,387</u>	<u>1,355</u>	<u>46,721</u>	<u>37,051</u>	<u>9,670</u>

71st Street - Stony  
Special Service Area Number 42  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Tax Levy Revenue and Interest Income  
December 31, 2012 and 2011

Tax Levy Revenue and Interest Income received from the City of Chicago

	<u>2012</u>	<u>2011</u>
	Income (Returned to City)	Income (Returned to City)
Tax Levy Revenue		
Tax Year 2004	\$ -	\$ -
Tax Year 2005	-	-
Tax Year 2006	167	(179)
Tax Year 2007	220	(62)
Tax Year 2008	316	2,487
Tax Year 2009	(2,018)	97,045
Tax Year 2010	43,373	446,475
Tax Year 2011	<u>496,539</u>	<u>-</u>
 Total received during year - Cash Basis	 538,597	 545,766
Accrual adjustments - Accounts Receivable		
Beginning of year	(8,920)	(25,185)
End of year	<u>-</u>	<u>8,920</u>
 Total tax levy revenue - Accrual Basis	 <u>\$ 529,677</u>	 <u>\$ 529,501</u>
 Interest Income		
Interest earned - Bank Accounts	\$ -	\$ -
Interest paid by City of Chicago	<u>21</u>	<u>75</u>
 Total Interest Income	 <u>\$ 21</u>	 <u>\$ 75</u>

71<sup>st</sup> Street - Stony Special Service Area Number 42  
(South Shore Chamber, Inc., Contractor)  
Summary Schedule of Findings  
Years ended December 31, 2012 and 2011

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Finding # 1

We have reviewed the Agreement for Special Service Area Number 42 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011.

For 2012

We noted no exceptions

For 2011

The contractor uses a computerize accounting program which records all of the accounting transactions. The contractor, while having separated the bank accounts, did not create a separated general ledger system within the computerized accounting program. The Contractor has made the necessary adjustments and has now created a separate general ledger and will continue to use it for the Special Service Area.

**South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)**

**Financial Statements**

**Year Ended December 31, 2012 and 2011**

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
South Shore/Exchange  
(South Shore Chamber Inc., Contractor)  
Chicago, Illinois

We have audited the accompanying statement of financial position of South Shore/Exchange Special Service Area Number 49 (South Shore Chamber, Inc., Contractor) (a nonprofit organization) as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Shore/Exchange Special Service Area number 49 (South Shore Chamber, Inc., Contractor), as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bravos & Associates CPAs*

April 16, 2013  
Bloomington, Illinois

South Shore/Exchange  
 Special Service Area Number 49  
 (South Shore Chamber Inc., Contractor)  
 Comparative Statement of Financial Position  
 December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 304,988	\$ -
Accounts receivable	<u>-</u>	<u>475,923</u>
 Total Assets	 <u>\$ 304,988</u>	 <u>\$ 475,923</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 28,320	\$ 45,553
Due to South Shore Chamber, Inc.	<u>614</u>	<u>-</u>
Total Current Liabilities	28,934	45,553
 Net assets, unrestricted (deficit)	 <u>276,054</u>	 <u>430,370</u>
 Total Liabilities and Net Assets	 <u>\$ 304,988</u>	 <u>\$ 475,923</u>

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Comparative Statement of Activities  
For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue - Current Year	\$ 435,482	\$ 427,770	\$ 7,712	\$ 488,505	\$ 508,255	\$ (19,750)
Interest Income	41	-	41	18	-	18
<u>Total Revenues</u>	<u>435,524</u>	<u>427,770</u>	<u>7,754</u>	<u>488,523</u>	<u>508,255</u>	<u>(19,732)</u>
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	3,564	22,350	(18,786)	-	500	(500)
2.00 Public Way Maintenance	124,285	146,850	(22,565)	-	185,600	(185,600)
3.00 Public Way Aesthetics	73,641	148,348	(74,707)	-	100,000	100,000
4.00 Tenant Retention/Attraction	300	5,500	(5,200)	-	-	-
5.00 Façade Improvements	200	40,000	(39,800)	-	-	-
6.00 Parking/Transit/Accessibility	-	10,000	(10,000)	-	-	-
7.00 Safety Programs	266,372	310,000	(43,628)	-	97,820	97,820
8.00 District Planning	-	4,500	(4,500)	58,153	45,000	45,000
9.00 Other Technical Assistance	2,396	10,000	(7,604)	-	-	-
10.00 Personnel	45,263	54,076	(4,021)	-	-	-
<u>Total Program Expense</u>	<u>516,022</u>	<u>751,624</u>	<u>(230,810)</u>	<u>58,153</u>	<u>428,920</u>	<u>56,720</u>
<u>Administration</u>						
10.00 Operational & Administrative Support	73,818	86,123	(12,305)	-	21,293	21,293
11.00 Tax Levy Loss Collection	-	48,500	(48,500)	-	22,000	(22,000)
<u>Total Administration expenses</u>	<u>73,818</u>	<u>134,623</u>	<u>(60,805)</u>	<u>-</u>	<u>43,293</u>	<u>(707)</u>
<u>Total Expenses</u>	<u>589,840</u>	<u>886,247</u>	<u>(291,615)</u>	<u>58,153</u>	<u>472,213</u>	<u>56,013</u>
Increase (Decrease) in Net Assets	(154,316)	(458,477)	299,369	430,370	36,042	(75,745)
<u>Unrestricted Net Assets: (Deficit)</u>						
Beginning of Year	430,370			-		
End of Year	\$ 276,054			\$ 430,370		

**South Shore/Exchange**  
**Special Service Area Number 49**  
 (South Shore Chamber Inc., Contractor)  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (154,316)	\$ 430,370
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable	475,923	(475,923)
(Decrease) increase in:		
Accounts payable and accrued expenses	(17,233)	45,553
Due to South Shore Chamber, Inc.	<u>614</u>	<u>-</u>
Net cash flows from operating activities:	\$ 304,988	-
Cash and Cash Equivalents		
Beginning of the year	<u>-</u>	<u>-</u>
End of the year	<u>\$ 304,988</u>	<u>\$ -</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Notes to Financial Statements  
December 31, 2012 and 2011

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**Summary of Accounting Policies**

Nature of Organization

South Shore Chamber, Inc. (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the South Shore business districts.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets, as of December 31, 2012 and 2011 the organization has unrestricted net assets in the amount of \$ 276,054 and \$ 430,370 respectfully.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago, whereby the City has establish a special service area (SSA) known and designated as “South Shore/Exchange Special Service Area Number 49” to provide special services in addition to those services generally provided by the City. South Shore Chamber Inc. has been designated as “Contractor” under terms of the agreement, dated January 23, 2012. The City has authorized a levy not to exceed 1% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services. This agreement is renewable annually.

The maximum amount to be paid to the Organization is the lesser of \$ 553,307 or the amount of service tax funds collected for the years of 2012 and 2011. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year.

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber, Inc., Contractor)  
Notes to Financial Statements  
December 31, 2012 and 2011

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**Summary of Accounting Policies – Continued**

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution in the Chicago metropolitan area, which is federally insured up to prescribed limits.

Income Tax Status

The Organization is exempt from Federal Income tax under Section 501(c) (3) of the Internal Revenue Code.

Revenue Recognition

Revenue from property taxes levied is recognized in the year that it becomes available.

**Related Party Transactions**

South Shore/Exchange Special Service Area Number 49 shares office space, equipment and employees through its affiliation with South Shore Chamber, Inc., the contractor.

South Shore/Exchange Special Service Area Number 49 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. In addition, the contractor also receives reimbursements for a portion of its operating expenses, and use of office equipment and supplies. No funds have been transferred to the South Shore Chamber, Inc. for payment of expenses or service provider fees nor have any funds been transferred or paid to Carlos Maxwell under the management agreement.

# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
South Shore/Exchange Special Services Area Number 49  
(South Shore Chamber Inc., Contractor)  
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bravos & Associates CPAs*

April 16, 2013  
Bloomington, Illinois

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

<u>Expenses:</u> <u>Programs:</u>	2012			2011		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>1.00 Advertising &amp; Promotion</u>						
1.01 Website/Technology	\$ -	\$ 2,350	\$ (2,350)	\$ -	\$ -	\$ -
1.02 Public/Media Relations Services	400	1,000	(600)	-	-	-
1.03 Special Events	3,060	5,000	(1,940)	-	-	-
1.04 Display Ads	-	1,500	(1,500)	-	-	-
1.05 Print Materials	103	2,500	(2,397)	-	500	(500)
1.06 Other: South Shore Art Display	-	10,000	(10,000)	-	-	-
Totals	<u>3,564</u>	<u>22,350</u>	<u>(18,786)</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Sidewalk Cleaning	80,444	85,000	(4,556)	-	115,200	(115,200)
2.02 Sidewalk Snow Plowing	28,841	25,850	2,991	-	-	-
2.03 Sidewalk Power Washing	10,000	30,000	(20,000)	-	70,400	(70,400)
2.09 Other: Window Washing	5,000	6,000	(1,000)	-	-	-
Totals	<u>124,285</u>	<u>146,850</u>	<u>(22,565)</u>	<u>-</u>	<u>185,600</u>	<u>(185,600)</u>
<u>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements	18,000	44,950	(26,950)	-	-	-
3.02 Decorative Banner	23,777	30,000	(6,223)	-	-	-
3.03 Way finding/Signage	-	38,398	(38,398)	-	-	-
3.04 Public Art	-	10,000	(10,000)	-	-	-
3.05 Landscaping	31,864	25,000	6,864	-	100,000	(100,000)
Totals	<u>73,641</u>	<u>148,348</u>	<u>(74,707)</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>
<u>4.00 Tenant Retention/Attraction</u>						
4.01 Data Collection	-	1,000	(1,000)	-	-	-
4.02 Site Marketing Materials	-	2,000	(2,000)	-	-	-
4.03 Pre-Development Services	300	2,500	(2,200)	-	-	-
Totals	<u>300</u>	<u>5,500</u>	<u>(5,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

Expenses: Programs:	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<b>5.00 Façade Improvements</b>						
5.01 Façade Enhancement Program - Rebates	\$ -	\$ 15,000	\$ (15,000)	\$ -	\$ -	\$ -
5.02 Awning Program - Rebates	-	10,000	(10,000)	-	-	-
5.03 71st St Signage Program	200	15,000	(14,800)	-	-	-
Totals	200	40,000	(39,800)	-	-	-
<b>6.00 Parking/Transit/Accessibility</b>						
6.04 Bicycle Transit Enhancements	-	10,000	(10,000)	-	-	-
Totals	-	10,000	(10,000)	-	-	-
<b>7.00 Safety Programs</b>						
7.01 Public Way Surveillance Cameras/Maintenance		20,000	(20,000)			
7.02 Security Services	266,372	290,000	(23,628)	-	97,820	(97,820)
Totals	266,372	310,000	(43,628)	-	97,820	(97,820)
<b>8.00 District Planning</b>						
8.01 SSA Designation or Reconstitution Costs	-	-	-	58,153	45,000	13,153
8.05 Economic Impact Study, Market Study, Brandir	-	4,500	(4,500)	-	-	-
Totals	-	4,500	(4,500)	58,153	45,000	13,153
<b>9.00 Other Technical Assistance</b>						
9.01 Wi-Fi District Infrastructure/Maintenance	2,396	10,000	(7,604)	-	-	-
Totals	2,396	10,000	(7,604)	-	-	-
<b>10.00 Personnel</b>						
10.01 Executive Director	12,674	9,761	2,913	-	-	-
10.02 Office Assistant	28,969	21,954	7,015	-	-	-
10.036 Office Manager	3,621	2,361	1,260	-	-	-
Totals	45,263	54,076	(4,021)	-	-	-

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Expenses with Budget Variances  
December 31, 2012 and 2011

<u>Expenses:</u> <u>Programs:</u>	2012			2011		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>11.00 Administrative Non-Personnel</u>						
11.01 SSA Annual Report	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ -
11.02 Audit	3,200	6,000	(2,800)	-	3,000	(3,000)
11.03 Bookkeeping	3,000	3,000	-	-	2,000	(2,000)
11.04 Office Rent	4,800	3,000	1,800	-	4,000	(4,000)
11.05 Office Utilities/Telephone	1,430	1,500	(70)	-	1,000	(1,000)
11.06 Office Supplies	1,588	2,423	(835)	-	1,500	(1,500)
11.07 Office Equipment Lease/Maintenance	1,925	5,000	(3,075)	-	1,500	(1,500)
11.08 Office Printing	3,000	2,000	1,000	-	1,500	(1,500)
11.09 Postage	1,326	1,000	326	-	2,000	(2,000)
11.10 Meeting Expense	3,500	3,500	-	-	2,500	(2,500)
11.11 Subscriptions/dues	-	500	(500)	-	500	(500)
11.12 Banking Fees	2,049	200	1,849	-	-	-
11.13 Monitoring/Compliance	5,000	-	5,000	-	-	-
11.14 Project Manager SSA 49 Consultant	42,500	57,500	(15,000)	-	-	-
11.15 Other: Training & Staff Development	-	-	-	-	1,793	(1,793)
Totals	<u>73,818</u>	<u>86,123</u>	<u>(12,305)</u>	<u>-</u>	<u>21,293</u>	<u>(21,293)</u>

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Comparative Schedule of Tax Levy Revenue and Interest Income  
December 31, 2012 and 2011

Tax Levy Revenue and Interest Income received from the City of Chicago

	<u>2012</u>	<u>2011</u>
	<u>Income</u> <u>(Returned to City)</u>	<u>Income</u> <u>(Returned to City)</u>
Tax Levy Revenue		
Tax Year 2005	\$ -	\$ -
Tax Year 2008	-	-
Tax Year 2009	-	-
Tax Year 2010	53,174	488,505
Tax Year 2011	<u>382,308</u>	<u>-</u>
 Total received during year - Cash Basis	 435,482	 488,505
Accrual adjustments - Accounts Receivable		
Beginning of year	-	-
End of year	<u>-</u>	<u>-</u>
 Total tax levy revenue - Accrual Basis	 <u>\$ 435,482</u>	 <u>\$ 488,505</u>
 Interest Income		
Interest earned - Bank Accounts	\$ -	\$ -
Interest paid by City of Chicago	<u>41</u>	<u>18</u>
 Total Interest Income	 <u>\$ 41</u>	 <u>\$ 18</u>

South Shore/Exchange  
Special Service Area Number 49  
(South Shore Chamber Inc., Contractor)  
Schedule of Findings  
Year ended December 31, 2012 and 2011

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Finding # 1

We have reviewed the Agreement for Special Service Area Number 49 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011.

We noted no exceptions for 2012.

For the year ended December 31, 2011

We noted the following exceptions:

- Setup costs and invoices for supplies, service provider fees and other costs, for managing the SSA under the South East Chamber of Commerce, Inc. appeared to excessive and was settled with the chamber for approximately 50% of the amount originally submitted, based upon detailed documentation (such as proof of payment to contractors and other disbursements) received. In addition no original books and records were prepared.
- No original books and records were prepared when the SSA was under control of the Chicago Lake Shore Chamber of Commerce, but the City of Chicago approved and disbursed \$ 12,600 for services rendered during the period the chamber was managing the SSA.